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UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

ANNUAL REVIEW OF THE FINANCIAL SITUATION, 1996

Report of the Administrator

SUMMARY

The present report provides an overview of the financial situation of the United Nations Development Programme at the end of the year 1996. It includes a concise and graphic analysis of the financial information related to all funds managed by the United Nations Development Programme over the past three years. Financial forecast for the next three year rolling financial cycle are also presented in this report. All detailed financial information related to the year 1996 is presented in the addenda DP/1997/24/Add.1.

The Executive Board may wish to: (a) confirm the suitability of the proposed new format for the report of the Administrator on the annual review of the financial situation; (b) note the critical reduction in the value of voluntary contributions to UNDP core resources and call donors to increase their contributions to attain the target for contributions adopted by the Executive Board; c) note the increase in programme delivery following the measures taken by the Administrator to address the issue of the build-up in the UNDP balance of general resources; (d) note the increase of the level of the Operational Reserve to $200 million for 1997; and (e) note the anticipated depletion of the balance of general resources and the resulting cash management risk for UNDP if voluntary contributions are not increased and if pledges are not paid earlier in the year.

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CONTENTS

		Paragraphs	Page
ABBREVIATIONS			3
I.	INTRODUCTION	1 - 3	4
II.	OVERVIEW OF THE FINANCIAL SITUATION FOR THE YEAR 1996	4 - 36	5
	A. Income	4 - 11	5
	B. Programme expenditure	12 - 17	9
	C. Other expenditure	18 - 22	12
	D. Assets and liabilities	23 - 27	12
	E. Reserves and fund balances	28 - 30	13
	F. Reserve for Field Accommodation	31 - 36	14
III.	FINANCIAL FORECASTS	37 - 40	15
IV.	NEW FINANCIAL POLICIES	41	17
V.	EXECUTIVE BOARD ACTION	42	17

Annex

Table 1 (a)	Statement of income and expenditure for UNDP account as at 31 December for the years 1995 and 1996	20
Table 1 (b)	Statement of income and expenditure for other programmes as at 31 December for the years 1995 and 1996	21
Table 2 (a)	Statement of assets and liabilities for UNDP account as at 31 December for the years 1995 and 1996	22
Table 2 (b)	Statement of assets and liabilities for other programmes as at 31 December for the years 1995 and 1996	23
Table 3	Summary of the 1996 net flow of contributions to and payments from the UNDP system in respect of each participating government	24
Table 4	Summary information on all trust funds in operation in 1996	25

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ABBREVIATIONS

ACABQ	Advisory Committee for Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination
DDSMS	Department for Development Support and Management Services
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GCCC	Government cash counterpart contribution
IAPSO	Inter-Agency Procurement Services Office
ILO	International Labour Organization
IPF	Indicative planning figure
JCGP	Joint Consultative Group on Policy
LDC	Least developed country
MSA	Management services agreement
NGO	Non-governmental organization
PDF	Project Development Facility
RBA	Regional Bureau for Africa
RBAP	Regional Bureau for Asia Pacific
RBAS	Regional Bureau for Arab States
RBEC	Regional Bureau for Europe and the Commonwealth of Independent States
RBLAC	Regional Bureau for Latin America and the Caribbean
RFA	Reserve for Field Accommodation
SDR	Special Drawing Rights
SIS	Special Industrial Services
SMF/LDC	Special Measures Fund for the Least Developed Countries
SPR	Special Programme Resources
TRAC	Target for resource assignment from the core
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNRFNRE	United Nations Revolving Fund for Natural Resources Exploration
UNSO	Office to Combat Desertification and Drought
UNV	United Nations Volunteers

INTRODUCTION

1. The present report provides an overview of the financial situation of UNDP at the end of the year 1996, as well as financial forecasts for the years 1997, 1998 and 1999. The format of the report differs from last year's report in three ways:

(a) Financial information for the UNDP account displays a breakdown of the accounting for the UNDP general fund, IAPSO, and the Reserve for Field Accomodation. This change was introduced in compliance with ACC recommendations and with paragraphs 7 and 8 of Executive Board decision 96/40, and in order to increase the transparency with which UNDP presents its financial statements, in particular with regard to RFA assets;

(b) Statements of income and expenditure, and of assets and liabilities, as at 31 December 1996 are provided for both the UNDP account (annex tables 1(a) and 2(a)) and for other programmes, which include funds and trust funds, the Junior Professional Officers programme, and management and other support services (annex table 1(b) and 2(b)). Greater consistency and easier comparison with UNDP audited financial statements have motivated this change. Reference to reports of previous years reports can be made through the total for the UNDP account presented in annex tables 1(a) and 2(a);

(c) The present report focuses on a succinct analysis of income, expenditure, assets, liabilities, reserves and fund balances, and is illustrated with figures and summary tables. All related detailed financial information, with the exception of the above-mentioned statements, have been assembled in one single addendum (DP/1997/24/Add.1). The Executive Board may wish to note the new format of the report and confirm its appropriateness.

2. Addendum 1 includes detailed information on the contributions to and expenditure from the UNDP account; on the net flow of contributions to each participating Government (in accordance with Governing Council decision 84/9); on the shortfall of contributions to local office costs after application of the accounting linkage; on income and expenditure of all trust funds in operation in 1996; and on the Reserve for Field Accomodation.

3. This year, in addition to the above two documents, a second addendum on the status of management service agreements (DP/1997/24/Add.2) provides, as per Executive Board decision 92/39, a comprehensive review of management service agreements covering the years from 1994 to 1996.

I. OVERVIEW OF THE FINANCIAL SITUATION FOR THE YEAR 1996

A. Income

4. The overall income structure of UNDP underwent a considerable shift in 1996. The proportion of voluntary contributions fell to 49 per cent of come versus 57 per cent in 1995. The decline was offset by a relative increase in favour of resources mobilized for specific activities, which now account for 45 per cent of UNDP income. Those specific contributions include project and programme cost-sharing, contributions to trust funds and sub-trust-funds (which are small trust funds established to earmark contributions for a specific purpose consistent with the primary purpose of an open trust fund), and management service agreements. This continued shift to specific contributions is creating new management challenges, in particular by increasing the administrative workload of UNDP, since most of those contributions for specific purposes require specific financial control and reporting as well as the management of cost-apportionment mechanisms.

Table 1. UNDP overall income in 1996
(In millions of United States dollars)

Type of income	Amount
UNDP account	
Voluntary contributions to UNDP general fund	848
Cost-sharing contributions to UNDP general fund	801
Others	102
Subtotal	1 751
Other programmes	
Voluntary contributions to funds and trust funds	287
Cost-sharing and sub-trust fund contributions to funds and trust funds	80
Management service agreement contributions	163
Others	59
Subtotal	589
TOTAL	2 340

5. Voluntary contributions to the UNDP general fund in 1996 have declined to $848 million from $900 million in 1995. This represents a drop of 6 per cent compared to 1995 voluntary contributions, and a total of 9 per cent over the past three years (see figure 1). This lower level of voluntary contributions results from the lower level of 1996 pledges and has been further aggravated by the combination of late payments by donor countries and the continued appreciation of the United States dollar over the course of the year. By the end of August 1996, only half of the 1996 pledges had been collected, and the overall loss on 1996 pledges due to the appreciation of the United States dollar amounted to $24 million at year end. If the United States dollar continues to appreciate, the loss on exchange rate is likely to increase further, since $58 million of voluntary contributions pledged for 1996 and prior years remained unpaid at the end of 1996. Tables 1 and 2 in addendum 1 give details of outstanding contributions to the UNDP general fund as at 31 December 1996.

Table 2. Outstanding contributions to the UNDP general fund as at 31 December 1996 (millions of United States dollars)

	Total outstanding contributions	Contributions due in 1996	Contributions due in prior years
Voluntary contributions	58	23	35
GCCC	10	1	9
Cost-sharing	326	255	71
Total	394	279	115
Local office cost obligations	9	9	-
Grand total	403	288	115

6. UNDP resource mobilization efforts have, on the other hand, resulted in a continuous increase in third-party cost-sharing income to the UNDP general fund, which amounted to $100 million at the end of 1996, compared to $68 million in 1995. This represents a 47 per cent increase in one year. This increase over the past year has been confirmed in all regions and most countries, in particular in LDCs, where third-party cost-sharing income amounted to $44 million in 1996, 63 per cent more than the 1994 level (see figure 3).

7. Total resources mobilized as government cost-sharing to the UNDP general fund increased in 1996 to reach $701 million at the end of the year. Five countries only (Argentina, Colombia, Brazil, Panama and Peru) account for 73 per cent of this amount (see figure 4). Excluding countries from Latin America, government cost-sharing income amounted to $47 million in 1996, a 4 per cent increase compared to the 1995 level of $45 million. In Africa, government cost-

sharing resources decreased in 1996 from $9 million to $3 million. Except in the Latin America and Arab States regions, the level of resources mobilized under cost-sharing arrangements with Governments is in general lower than the level of resources mobilized as third-party cost-sharing. Additional information on cost-sharing contributions by Governments of programme countries and by donor countries or organizations can be found in tables 3 and 4 of addendum 1.

8. In its decision 96/39, the Executive Board approved a change in Financial Regulation 2.2 C (iii) so that UNDP can more readily accept contributions in cash and in kind from Governments, governmental or intergovernmental institutions or agencies not part of the United Nations system, or by non-governmental sources, including civil society organizations and entities from the private sector, as well as by individuals. The total contributions received in 1996 from non-governmental sources amounted to $2 million, out of which 75 per cent were received under cost-sharing arrangement and the rest as trust fund contributions. This represents a 33 per cent increase compared to the 1995 level of $1.5 million. In addition to those contributions received in cash, which are detailed in table 5 of addendum 1, UNDP received in 1996 an in-kind contribution from the Hewlett Packard Company, in the form of computer equipment of a total market value estimated at $1 million, donated to the UNDP Sustainable Development Networking Programme.

Table 3. Cost-sharing income to the UNDP general fund in 1996
(millions of United States dollars)

	Total a/	RBA	RBAS	RBAP	RBEC	RBLAC
Project cost-sharing (Governments)	691	9	32	24	2.5	624
Programme cost-sharing (Governments)	10	(6)	(2)	(12)	(0.5)	-
Total Government cost-sharing	701	3	30	12	2	650
Third-party cost-sharing	100	30	6	14	16	24
Total cost-sharing	801	33	36	26	18	648

a/ Includes cost-sharing contributions received for interregional, global and miscellaneous projects and programmes.

Figure 1.
Income to UNDP account

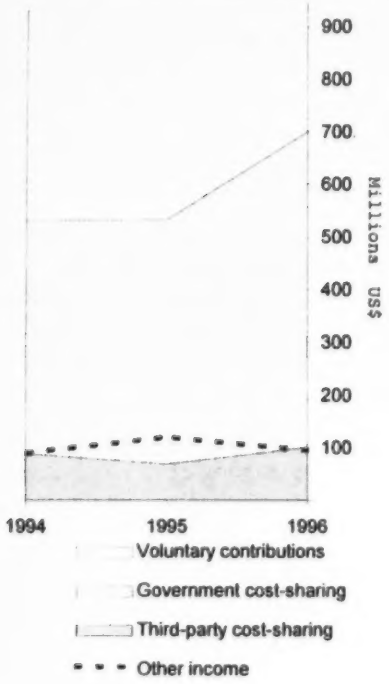


Figure 2.
Income to other programmes

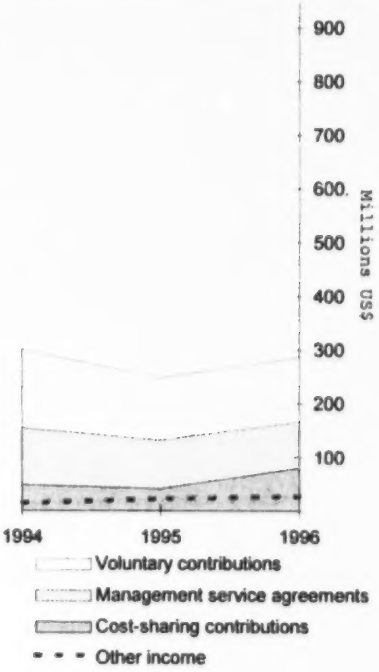
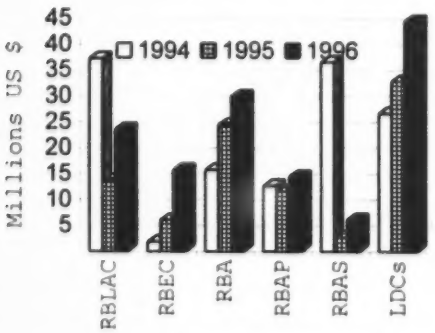
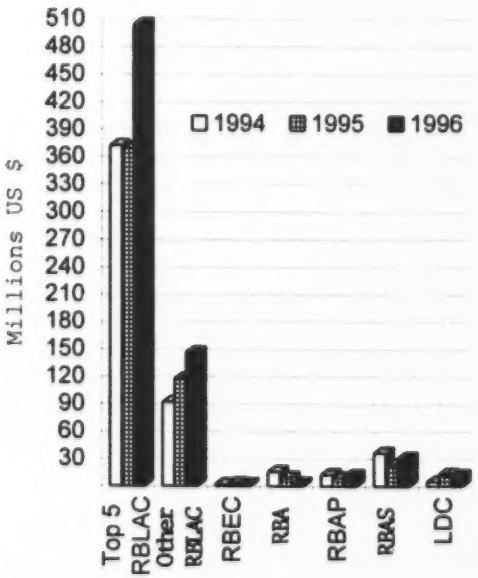


Figure 3.
UNDP account: Third-party cost-sharing by region



Top 5 countries:
Argentina, Colombia, Brazil,
Panama and Peru

Figure 4.
UNDP account: Government cost-sharing by region



9. With respect to the UNDP account, interest income earned in 1996 amounted to $51 million compared to $60 million in 1995. This does not include interest income earned on cost-sharing resources ($17 million), which is accounted for under extrabudgetary income.

10. With respect to other programmes, for which total 1996 income amounted to $589 million compared to $467 million in 1995, income received by funds and trust funds rose to $394 million, a 26 per cent increase compared to $313 million in 1995 (see figure 2). Two factors have contributed to this increase: a higher level of voluntary contributions on the one hand, amounting $287 million in 1996 and, on the other hand, a substantial increase in sub-trust funds contributions, which equalled $71 million at the end of 1996 compared to $24 million in 1995. Tables 12 and 13 of addendum 1 detail the income received for each of the funds and trust funds operating in 1996. Contributions channelled through management service agreements have increased by 27 per cent, from $132 million in 1995 to $168 million in 1996, as described in detail in addendum 2 (see also paragraph 18).

11. Interest income earned by funds and trust funds amounted to $25 million in 1996 compared to 18 million in 1995.

B. Programme expenditure

12. Total programme expenditure increased in 1996. This is true for the UNDP account ($1211 million in 1996 compared to $994 million in 1995) and for other programmes ($439 million in 1996 compared to $397 million in 1995).

13. Programme expenditure from general resources increased in 1996 to $544 million from $490 million in 1995, an 11 per cent increase (see figure 5). (N.B. The term "general resources" is used in UNDP financial statements to refer to activities financed by voluntary contributions; it will be replaced by the term "regular resources" in conformity with the harmonized budget presentation.) The regional breakdown of programme expenditure from general resources shows that three regions have contributed to the increase in programme delivery (Latin America, Europe and Africa). In the Asia Pacific and Arab States regions, the level of programme expenditure from general resources remained below 1995 and 1994 levels (see figure 7). Programme expenditure from general resources in LDCs has significantly grown, reaching $140 million at the end of 1996 compared to $118 million in 1995 (see table 6 of addendum 1).

14. The increase in cost-sharing expenditure by 34 per cent to $667 million from $504 million confirms that programme countries with high levels of mobilized resources also have high levels of programme delivery. Programme expenditure in the top 5 countries, identified earlier in paragraph 7, accounted

for $436 million in 1996 or 74 per cent of programme expenditure from cost-sharing.

15. A breakdown of programme expenditure by executing agent is presented in table 7 of addendum 1. The 1996 figures demonstrate the continued shift to national execution (a trend which has accelerated since 1992), accounting in 1996 for 70 per cent of the UNDP general fund programme expenditure, compared to 60 per cent and 53 per cent in 1995 and 1994 respectively. The increase in programme expenditure is particularly noteworthy for national execution and UNOPS execution (see figure 6). The respective share of other United Nations agencies, regional and Bretton Wood institutions further declined in 1996 to represent all together less than 17 per cent of the UNDP general fund programme expenditure.

Table 4. Programme execution from the UNDP general fund
(millions of United States dollars)

	Total		General resources		Cost-sharing resources	
	$	%	$	%	$	%
Governments	843	70	274	50	569	85
UNOPS	164	14	136	25	28	4
Five large United Nations agencies a/	92	8	74	14	18	3
Small United Nations agencies	89	7	44	8	46	7
Other agencies	22	2	16	3	7	1
Total	1,211	100	544	100	667	100

a/ FAO, ILO, DDSMS, UNESCO, and UNIDO.

16. Programme expenditures of funds and trust funds increased by $20 million in 1996, mainly as a result of a higher programme delivery level in the GEF, the Programme of Assistance to the Palestinian People, the Trust Fund for Rwanda, and Capacity 21, as well as in many of the small trust funds. Tables 12 and 13 of addendum 1 report detailed expenditure levels for funds and trust funds operating in 1996.

17. A comprehensive report on expenditure under management service agreements, which increased from $132 million in 1995 to $168 million in 1996, is presented in addendum 2. This modality is executed solely by UNOPS at present and, in accordance with Executive Board decision 92/39, is reviewed in detail every three years.

Figure 5. UNDP account:
Programme expenditure by source of fund

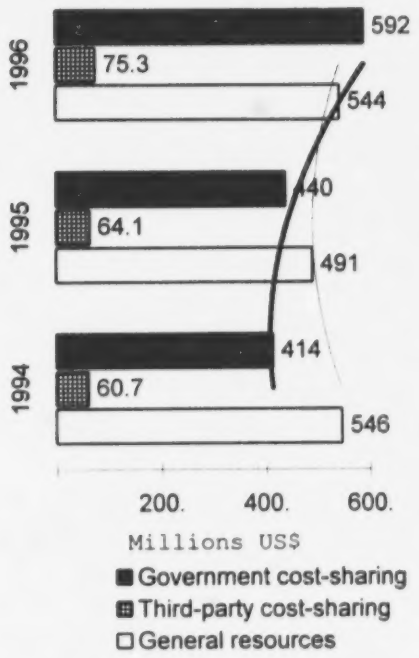


Figure 6. UNDP account:
Programme execution modality

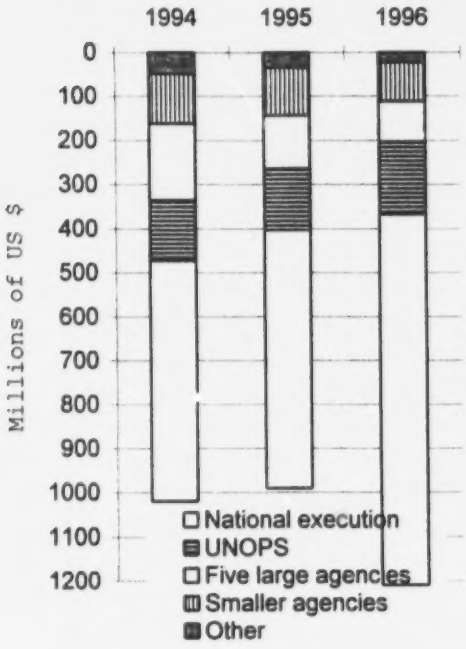


Figure 7. UNDP account/general resources only: regional distribution of programme expenditure

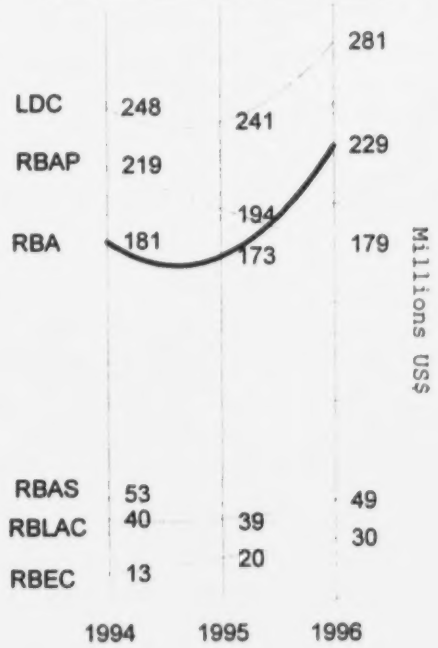
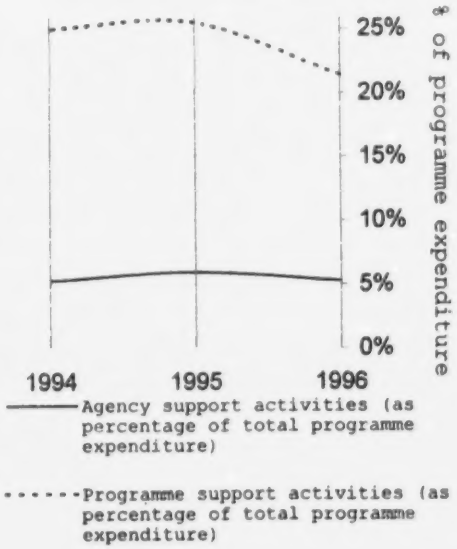


Figure 8. UNDP account and other programmes: agency and programme support activities



C. Other expenditure

18. Total expenditures through United Nations specialized agencies remained stable, as indicated by the level of agency support cost. Detailed support costs charged for the implementation of UNDP programmes are presented in table 7 of addendum 1. As part of the implementation of the new support cost arrangements under the successor programming arrangements, all existing projects still ruled by the old regime are to be converted to the new regime in 1997.

19. In its decision 91/32, the Governing Council set a schedule for support cost flexibility entitlements, with an effective percentage rate of reimbursement ranging from 13 per cent for agencies with annual expenditure above $24 million to 22 per cent for agencies with annual delivery below $8 million. Based on that schedule, small agencies were entitled to reimbursement of support costs in 1996 under the flexibility arrangements, for a total amount of $1.4 million. Table 8 of addendum 1 provides detailed information on support costs reimbursed in 1996 to those agencies. As of 1997, based on the resource forecast for the 1997-1999 period, an annual ceiling of $1.5 million has been set aside for total flexibility payments.

20. The excess of income over expenditure in the UNDP account declined from $247 million to $148 million, a 40 per cent drop compared to 1995. Since programme expenditure increased while voluntary contributions decreased, the continuing surplus of income over expenditure in the general fund is mostly due to the increase of cost-sharing contributions.

21. Other programmes closed with a $114 million excess of income over expenditure at the end of 1996, out of which $102 million related to funds and trust funds, a level significantly higher than at the end of 1995. This accumulation of resources is more the result of the small trust funds managed by UNDP, rather than the large funds and trust funds, which had delivery records similar to, or above, their income levels.

22. A comparison of total programme expenditure with total administrative and support costs for both the UNDP account and other programmes confirms that the overall increase of programme expenditure occured without any increase in other expenditure (see figure 8).

D. Assets and liabilities

23. The investment portfolio of the UNDP account is held in liquid investments of high quality such as bank time deposits, certificates of deposit and bonds. The currencies of investments are primarily that of its major donors. The

weighted average value of the total investment portfolio, for all funds, increased from $1.3 billion in 1995 to $1.5 billion in 1996.

24. At the end of the year 1996, investment of general resources had increased from $407 million in 1995 to $431 million. Together with the operational reserve, this indicates that the liquidity position of UNDP general resources decreased from $607 million at the end of 1995 to $601 million at the end of 1996. However, this year-end balance does not reflect the level of UNDP liquidities all year round. UNDP liquidities are in fact significantly lower during most of the year since, on average, only 30 per cent of voluntary pledges are collected at the end of the month of June. Figure 9 shows the schedule of payments of pledges to the UNDP general fund from 1 January 1994 to 1 June 1997.

25. UNDP holdings of accumulated non-convertible currencies amounted to $14 million at the end of 1996, as compared to $13 million in 1995. The Cuban peso remains the sole currency designated under this category.

26. Overall liabilities in the UNDP account decreased in 1996 from $735 million to $623 million as a result of a sharp reduction in the amounts due to other programmes, following the opening by GEF, Capacity 21 and the Montreal Protocol of their own investment accounts.

27. With respect to other programmes, assets increased from $714 million to $856 million mainly owing to the excess of income over expenditure. Total liabilities increased as well from $140 million to $190 million as a result of the growth of unliquidated obligations, the direct outcome of the overall rise in expenditure.

E. Reserves and fund balances

28. In accordance with Governing Council decision 90/44 of 22 June 1990, the level of the Operational Reserve is determined at 20 per cent of the estimated contributions or expenditures, whichever is higher, rounded to the nearest $10 million. On that basis, the level of the Operational Reserve was set at $170 million for 1996. Also on that basis, the Executive Board may wish to note the increase of the level of the Operational Reserve in 1997 to $200 million, in view of the expenditure forecast for 1997.

29. At the end of the year 1996, the UNDP Investment Committee approved a change in the composition of the currencies of the Operational Reserve, to be maintained 100 per cent in United States dollars. This change was recommended to protect the value of the reserve since more than 90 per cent of UNDP cash outflow is in United States dollars. Previously, the Operational Reserve was composed of United States dollars ($110 million), European Currency Units

(equivalent of $70 million), Japanese yen (equivalent of $10 million) and Swiss francs (equivalent of $10 million).

30. Improving UNDP cash and risk management is a major concern of the Division of Finance. In this context, the services of a consulting firm, Arthur Andersen, LLP, were retained in March, 1997, to conduct an assessment of UNDP financial risk management, focusing in particular on issues such as fund balances, reserves and accounting procedures. Based on a preliminary assessment of the financial risks faced by UNDP, the consulting firm highlighted some of the implications of the change in the relative share of sources of funds (voluntary contributions versus cost-sharing and other income). The firm also recommended, based on common practices among non-profit organizations without borrowing capacity, that the fund balance be managed to remain between 6 to 12 months worth of total expenditure. This is in line with the 1996 year-end balance of the general fund, which amounted to $1101 million, equivalent to about 8 months of total expenditure ($1584 million). The Division of Finance will complement this review and will submit to the Executive Board recommendations for appropriate action by the next presentation of the financial statements.

F. Reserve for Field Accommodation

31. Table 14 of addendum 1 shows separate statements of income and expenditure and assets and liabilities for the Reserve for Field Accommodation. In accordance with Executive Board decision 96/40, the assets pertaining to office premises are shown separately from the housing activities. The interim financial statements for the period ended 31 December 1996 reflect this separation of housing from office premises. The total housing and related assets at 31 December 1996 amount to some $29 million and the office premises assets amount to some $26 million. At the same time, the total balance due to UNDP general resources slightly decreased by $1.5 million to $20.3 million as a result of the original allocation for activities under the Reserve.

32. The housing operations during 1996 had a surplus of income over expenditure of some $1.5 million while the office accommodation had operating income of some $750,000 for 1996.

33. The amount of outstanding claims relating to construction activities at the end of 1996 is $2.5 million. No action will be taken by UNDP in respect of these claims until the outcome of the external investigation being conducted by the UNDP Division for Audit and Management Review with the assistance of the United Nations Office for Internal Oversight Services has been completed.

34. A number of provision for housing and offices asset writedown have been identified either where the current market value of premises likely to be

disposed of is significantly lower than the book cost and where loan amounts are unlikely to be recovered. For reasons of prudence and disclosure, provisions of $8 million for housing ($0.3 million for the Household Appliance Rental Scheme, $1.5 million for construction loans, $1.7 million for rehabilitation, and $4.5 million for apartments) and of $6 million for office accommodation (in light of the initial findings of the investigation as reported by the Administrator orally at the second annual session), have been established in the final accounts for 1996.

35. Disposal action has been taken during 1996 by UNDP with the intention of reducing the number of housing units owned or managed by UNDP by 44 units.

36. Given the uncertainty regarding the asset valuation and the ongoing investigation into the Reserve for Field accommodation, no action has been taken by UNDP in terms of contributions by other agencies in respect of office accommodation.

III. FINANCIAL FORECASTS

37. The following financial forecast are presented consistently with the 1998-1999 budget proposal, as available at the time of preparation of the present report. Planning future expenditure levels is a difficult management exercise given the uncertainties regarding the future income of UNDP. In this respect, a conference room paper on UNDP funding strategy has been distributed for discussion at the current session.

38. In its decision 95/23 regarding successor programming arrangements, the Executive Board adopted a $1.1 billion target for yearly voluntary contributions to the UNDP general fund. Despite this decision, and in view of donor pledges for the year 1997, voluntary contributions to UNDP in 1997 are estimated to reach only $782 million. This represents a further decrease of 7 per cent due in part to the contraction of voluntary contributions and in part to the variation in the United States dollar exchange rate. In the medium term, it is estimated that voluntary contributions for the years 1998 and 1999 will reach approximately $800 million per year. Although estimates for non-core resources are more hazardous, it is expected that the combined yearly income of UNDP account and other programmes will be around $2.2 billion, compared to $2.3 billion in 1996 (see figure 11).

Figure 9.
UNDP account:
Intra-year cumulated payments of voluntary contributions

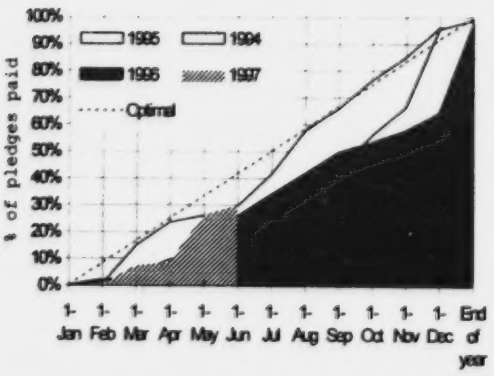


Figure 10.
UNDP account and other programmes:
Structure of the balance of unexpended resources

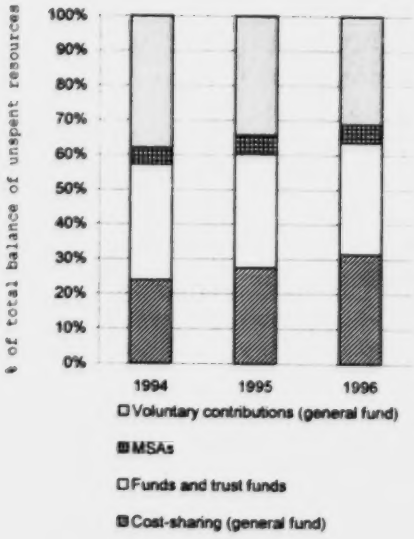


Figure 11.
Income forecast for the next three-year rolling financial cycle

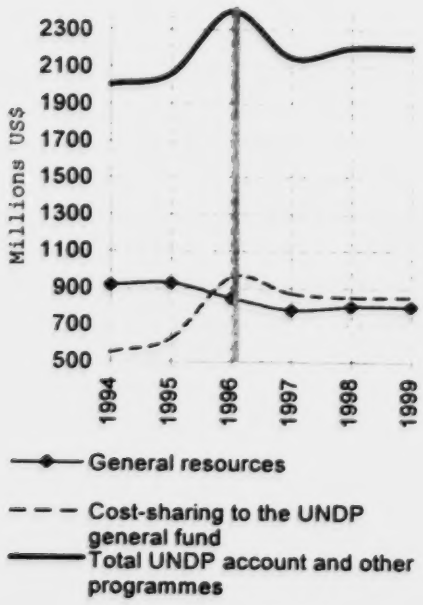
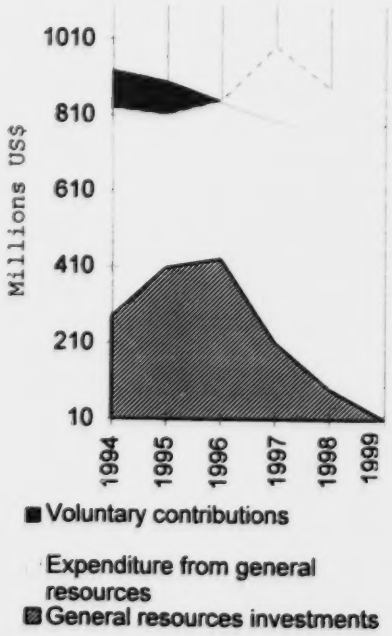


Figure 12.
General resources:
Income forecast and expenditure targets



39. The current 1997 programme expenditure forecast for the UNDP account amounts to $1,407 million, which reflects an increase of $196 million or 16 per cent over the 1996 figure ($1,211 million). The main share is attributed to UNDP general resources, which are expected to reflect programme expenditure of $664 million, $120 million or 22 per cent more than in 1996. Similarly, cost-sharing programme expenditure is expected to increase to $743 million; this would represent a 11 per cent increase compared to 1996 ($667 million). Forecasts beyond the year 1997 depend on the income situation of UNDP and represent more management targets than expenditure forecast. For the two-year period 1998-1999, and based on the income forecast articulated in para. 38, programme expenditure targets have been set at $1,062 million for general resources and $1,594 million for cost-sharing. However, the Administrator is expecting voluntary contributions to UNDP to increase significantly and programme expenditures from general resources to be raised correspondingly.

40. In view of the above trends, the depletion of the balance of general resources ($501 million at end of 1996), will take place over three to four years. It is estimated that the year-end level of investments of general resources liquidities, excluding the Operational Reserve, will decrease to $182 million at the end of 1997 (compared to $431 million at the end of 1996) and to $59 million at the end of 1998 (see figure 12). The Executive Board may wish to note that, taking into consideration the fact that most of the pledges are collected late in the financial year, such a depletion of the balance of general resources is likely to expose the organization to a shortfall in liquidity. Unless future voluntary contributions are significantly higher and paid earlier, UNDP cash management will become strenuous.

IV. NEW FINANCIAL POLICIES

41. No new financial policies are presented in the present report. A complete set of revised Financial Rules and Regulations will be presented at the first regular session of the Executive Board in 1998, to reflect both the changes due to the adoption of the successor programming arrangements, budget harmonization and revisions in some UNDP Financial Rules and Regulations.

V. EXECUTIVE BOARD ACTION

42. The Executive Board may wish to :

1. Confirm the suitability of the proposed new format for the report of the Administrator on the annual review of the financial situation;

2. Note the sharp reduction in the value of voluntary contributions to United Nations Development Programme core resources and call upon donors to

increase their contributions to attain the target for contributions adopted by the Executive Board;

3. Note the increase in programme delivery following the measures taken by the Administrator to address the issue of the build-up in the UNDP balance of general resources;

4. Note the $30 million increase of the level of the Operational Reserve to $200 million in 1997;

5. Note the anticipated depletion of the balance of general resources and the resulting cash management risk for UNDP if voluntary contributions are not increased and if pledges are not paid earlier in the year.

Annex

TABLES

Annex table 1(a) Statement of income and expenditure for the twelve months ended 31 December 1996 for UNDP account
(millions of United States dollars)

	United Nations Development Programme Account											
	General fund			Inter-Agency Procurement Services Office			Reserve for Field Accomodation			Total		
	1996	1995	±	1996	1995	±	1996	1995	±	1996	1995	±
INCOME												
Voluntary contributions [a]	848.0	899.5	-6%							848.0	899.5	-6%
Cost-sharing contributions [b]	800.8	601.0	+33%							800.8	601.0	+33%
GCDC	10.0	8.1								10.0	8.1	+24%
Extrabudgetary income [c]	45.9	36.5	+26%	2.7	3.1	-13%				48.6	39.6	+23%
Other income [d]	39.2	75.4	-48%				4.0	4.3	-6%	43.2	79.7	-46%
Total income	1743.8	1620.8	+8%	2.7	3.1	-13%	4.0	4.3	-6%	1750.6	1628.2	+8%
EXPENDITURE												
Programme expenditure [e]	1210.9	994.1	+22%							1210.9	994.1	+22%
Programme support costs [f]	155.4	165.3	-6%							155.4	165.3	-6%
Administrative service costs [g]	163.2	173.1	-6%							163.2	173.1	-6%
Extrabudgetary expenditure [h]	54.5	44.1	+24%	2.5	2.1	+20%				57.0	46.2	+24%
Other expenditure [i]	0.0	0.0					1.8	2.6	-33%	1.8	2.6	-33%
Total expenditure	1584.0	1376.6	+15%	2.5	2.1	+20%	1.8	2.6	-33%	1588.3	1381.3	+15%
Provision for assets writedown							- 14.			- 14		
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURES	159.8	244.2	-35%		1	-81%	- 11.8	1.6		148.3	246.9	-40%
Transfer (j)	37.7	- 32.4								37.7	- 32.4	-216%
Fund balance, 1 January	903.4	691.6	+31%	1.7	.6	+165%	4.2	2.6	+63%	909.3	694.8	+31%
FUND BALANCE, 31 December	1100.9	903.4	+22%	1.9	1.7	+12%	-7.5	4.2	-279%	1095.2	909.3	+20%

(a) Includes voluntary contributions for the special measures fund for the LDCs
(b) Includes Government and third-party cost-sharing
(c) Income received for non-programme activities
(d) Includes interest income
(e) Of which $ 666.8 million expenditure from cost-sharing; total includes expenditure from Government cash counterpart contributions
(f) Includes agency support costs and technical services, programme support and development activities, and UNDP sectoral support cost
(g) Includes support to resident co-ordinator function and administrative service costs
(h) Expenditure for non-programme activities
(i) Includes repairs and maintenance, loss on sale of property
(j) Includes savings on prior biennium's obligation, transfer to and from reserves, transfer to and from other funds and UNOPS, and refund to donors

Annex table 1(b). Statement of income and expenditure for the twelve months ended 31 December 1996 for other programmes
(millions of United States dollars)

	Other UNDP-managed programmes											
	Funds and trust funds [e]			Junior Professional Officers programme			Management and other support services [f]			Total		
	1996	1995	±	**1996**	1995	±	**1996**	1995	±	**1996**	1995	±
INCOME												
Voluntary contributions	**286.6**	248.7	+15%	**26.9**	22.8	+18%	**162.7**	131.8	+23%	**476.2**	403.3	+18%
Cost-sharing contributions [a]	**9.2**	17.0	-46%							**9.2**	17.0	-46%
Sub-trusts funds contributions	**70.6**	24.1	+192%							**70.6**	24.1	+192%
Other income [b]	**27.8**	23.2	+20%				**5.0**			**32.8**	23.2	+42%
Total income	**394.1**	**313.0**	+26%	**26.9**	**22.8**	+18%	**167.7**	**131.8**	+27%	**588.8**	**467.6**	+26%
EXPENDITURE												
Programme expenditure	**258.6**	238.2	+9%	**22.2**	21.0	+6%	**157.9**	138.3	+14%	**438.6**	397.4	+10%
Programme support costs [c]	**16.6**	14.6	+13%	**2.7**	2.5	+7%	**0.0**	0.0		**19.2**	17.1	+12%
Administrative service costs	**17.3**	16.1	+7%							**17.3**	16.1	+7%
Total expenditure	**292.4**	268.9	+9%	**24.9**	23.5	+6%	**157.9**	138.3	+14%	**475.1**	430.6	+10%
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURES	**101.7**	44.1	+130%	**2.1**	- 7		**9.8**	- 6.4		**113.6**	37	+207%
Transfer (d)	**- 25.**	- .3								**- 25.**	- .3	
Fund balance, 1 January	**451.2**	407.4	+11%	**7.**	7.7	-9%	**75.2**	81.6	-8%	**533.4**	496.7	+7%
FUND BALANCE, 31 December	**527.9**	451.3	+17%	**9.0**	7.0	+30%	**85.0**	75.2	+13%	**622.0**	533.4	+17%

(a) Includes Government and third-party cost-sharing
(b) Includes interest income
(c) Includes agency support costs and technical services, programme support and development activities, and UNDP sectoral support cost
(d) Includes savings on prior biennium's obligation, transfer to and from reserves, transfer to and from other funds and UNOPS, and refund to donors
(e) Includes UNIFEM, UNSO, UNCDF, UNFSTD, UNRFNRE, UNV, the Energy Account, trust funds established by the Administrator and other minor trust funds
(f) Management Service Agreements provided at the request of recipient Governments through UNOPS

Annex table 2(a). Statement of assets and liabilities as at 31 December 1996 for UNDP account
(millions of United States dollars)

	United Nations Development Programme Account											
	General fund			Inter-Agency Procurement Services Office			Reserve for Field Accomodation			Total		
	1996	1995	±	**1996**	1995	±	**1996**	1995	±	**1996**	1995	±
ASSETS												
Cash	**25.9**	22.0	+18%	**4.9**	3.9	+24%				**30.8**	25.9	+19%
of which accumulated non-convertible currencies	**14.0**	12.7	+10%							**14.0**	12.7	+10%
Letters of credit	**36.7**	3.8	+873%							**36.7**	3.8	+873%
Investments	**1498.3**	1551.5	-3%							**1498.3**	1551.5	-3%
of which general resources	**431.2**	406.9	+6%							**431.2**	406.9	+6%
of which subsidiary programmes [a]	**897.1**	944.6	-5%							**897.1**	944.6	-5%
Advances [b]	**229.2**	173.9	+32%							**229.2**	173.9	+32%
Accounts receivable and deferred charges [c]	**102.4**	86.9	+18%	**7.2**	10.5	-31%				**109.7**	97.4	+13%
Loans to Governments							**2.5**	2.8	-10%	**2.5**	2.8	-10%
Other assets [d]	**1.6**	0.0					**39.1**	52.0	-25%	**40.7**	52.0	-22%
TOTAL ASSETS	**1894.1**	1838.1	+3%	**12.1**	14.5	-16%	**41.6**	54.8	-24%	**1947.8**	1907.3	+2%
LIABILITIES												
Operating funds [e]	**18.1**	15.2	+19%							**18.1**	15.2	+19%
Unliquidated obligations	**137.3**	122.0	+13%	**0.0**	0.0					**137.3**	122.0	+13%
Accounts payable	**60.7**	57.9	+5%	**10.2**	12.8	-20%	**0.0**	0.0		**71.0**	70.7	
Due to UNDP general fund							**20.3**	21.8	-7%	**20.3**	21.8	-7%
Due to other programmes [f]	**405.1**	518.8	-22%							**405.1**	518.8	-22%
Other liabilities [g]	**2.0**	20.8	-90%				**3.8**	3.7	+5%	**5.8**	24.4	-76%
TOTAL LIABILITIES	**623.2**	734.7	-15%	**10.2**	12.8	-20%	**24.2**	25.4	-5%	**657.6**	772.9	-15%
RESERVES AND FUND BALANCES												
Operational Reserve	**170.0**	200.0	-15%							**170.0**	200.0	-15%
RFA							**25.0**	25.0	0%	**25.0**	25.0	
RFA Cumulative surplus / (deficit)							**- 7.5**	4.2	-279%	**- 7.5**	4.2	-279%
Unexpended resources [h]	**1100.9**	903.4	+22%	**1.9**	1.7	+12%				**1095.2**	909.3	+20%
of which general resources	**500.8**	462.0	+8%							**500.8**	462.0	+8%
of which cost-sharing contributions	**515.4**	377.8	+36%							**515.4**	377.8	+36%
TOTAL RESERVES AND FUND BALANCES	**1270.9**	1103.4	+15%	**1.9**	1.7	+12%	**17.5**	29.2	-40%	**1290.2**	1134.3	+14%
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	**1894.1**	1838.1	+3%	**12.1**	14.5	-16%	**41.6**	54.7	-24%	**1947.8**	1907.2	+2%

(a) Includes cost-sharing resources and investments for other programmes
(b) Includes operating funds provided to Government and executing agencies
(c) Includes amounts due from funds, United Nations, UNOPS, UNFPA, agency reimbursement of construction costs, and accrued interests
(d) Includes special capitalized assets, construction costs, capitalized rehabilitation, Household Appliance Rental Scheme, allowance for writedown
(e) Includes funds payable to Governments and executing agencies
(f) Includes amounts due to IAPSO, the United Nations, UNOPS, UNFPA, and to the JPO programme
(g) Includes the reserve for transitional measures, the reserve for budgeted separations, deferred rent income, agency reimbursement of construction costs, and extrabudgetary accounts of funds and trust funds
(h) Includes special capital resources and extrabudgetary activities

Annex table 2(b). Statement of assets and liabilities as at 31 December 1996 for other programmes
(millions of United States dollars)

	Other UNDP-managed programmes											
	Funds and trust funds [a]			Junior Professional Officers programme			Management and other support services [f]			Total		
	1996	1995	±	1996	1995	±	1996	1995	±	1996	1995	±
ASSETS												
Cash	1.1	0.6	+79%							1.1	0.6	+79%
Letters of credit	0.2	3.0	-93%							0.2	3.0	-93%
Investments	412.2	170.5	+142%							412.2	170.5	+142%
of which general resources	367.9	130.3	+182%							367.9	130.3	+182%
of which subsidiary programmes	0.0	0.0										
Advances [a]	26.2	18.8	+40%							26.2	18.8	+40%
Accounts receivable and deferred charges [b]	242.7	368.9	-34%	9.9	7.6	+29%	155.8	134.2	+16%	408.3	510.7	-20%
Loans to Governments	8.0	10.2	-21%							8.0	10.2	-21%
Other assets												
TOTAL ASSETS	690.4	572.0	+21%	9.9	7.6	+29%	155.8	134.2	+16%	856.1	713.8	+20%
LIABILITIES												
Operating funds [c]	18.8	15.5	+21%							18.8	15.5	+21%
Unliquidated obligations	64.4	51.4	+25%	0.8	0.7	+23%	70.7	59.0	+20%	136.0	111.1	+22%
Accounts payable	2.4	1.7	+41%							2.4	1.7	+41%
Due to UNDP general fund	22.5	1.4								22.5	1.4	
Other liabilities [d]	10.1	10.5	-4%							10.1	10.5	-4%
TOTAL LIABILITIES	118.2	80.6	+47%	0.8	0.7	+23%	70.7	59.0	+20%	189.7	140.2	+35%
RESERVES AND FUND BALANCES												
Operational Reserve	44.3	40.2	+10%							44.3	40.2	+10%
Unexpended resources	527.9	451.2	+17%	9.0	7.0	+30%	85.1	75.2	+13%	622.0	533.4	+17%
of which general resources	423.6	400.6	+6%	9.0	7.0		85.1	75.2		517.8	482.8	+7%
of which cost-sharing contributions	16.0	16.2	-1%							16.0	16.2	-1%
of which sub-trust funds contributions	88.3	34.4	+157%							88.3	34.4	+157%
TOTAL RESERVES AND FUND BALANCES	572.2	491.4	+16%	9.0	7.0	+30%	85.1	75.2	+13%	666.3	573.6	+16%
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	690.4	572.0	+21%	9.9	7.6	+29%	155.8	134.2	+16%	856.1	713.8	+20%

(a) Includes operating funds provided to Government and executing agencies
(b) Includes amounts due from funds and accrued interests
(c) Includes funds payable to Governments and executing agencies
(d) Includes the extrabudgetary accounts of funds and trust funds
(e) Includes UNIFEM, UNSO, UNCDF, UNFSTD, UNRFNRE, UNV, the Energy Account, trust funds established by the Administrator and other minor trust funds
(f) Management Service Agreements provided at the request of recipient Governments through UNOPS

Annex table 3. Net flow of contributions to and payments from the UNDP system in respect of each participating Government

Summary information (millions of United States dollar)

	Total	Non-recipient countries (table 9 of Addendum 1)	Recipient governments (table 10 of Addendum 1)
INCOME			
General fund			
Voluntary contributions	855	830	25
Transfer to local office costs	-7		-7
SMF/LDCs	0		0
Total voluntary contributions	848	830	18
Third-party cost-sharing (*)	100	100	
Total contributions to the UNDP general fund (**)	948	100	
Funds and trust funds			
Voluntary contributions	67	54	13
Cost-sharing	196	196	
Contributions from non-recipient organizations	103	103	
Total funds and trust funds voluntary contributions	366	353	13
Management service agreements			
Voluntary contributions	160	21	139
Other contributions	3	3	
Total management service agreement contributions	163	24	139
EXPENDITURE			
General fund			
IPF,SPR,SIS	544		544
Third-party cost-sharing	75		75
SMF/LDCs	1		1
Cost-sharing expenditure of recipient countries	591		591
Total general fund expenditure	1,211		1,211
Funds and trust funds			
Expenditure	259		259
Total funds and trust funds expenditure	259		259
Management service agreements			158
Expenditure	0		
Total management service agreements expenditure	158		158

(*) Total of UNDP cost-sharing in table 9 of addendum 1, less $25 million contribution from Japan received under programme cost-sharing pending transfer to specific activities, plus contributions received from third-party organizations

(**) excluding cost-sharing from recipient Governments

Annex table 4. UNDP trust funds: Summary information - 31 December 1996

(United States dollars)

	No. of trust funds	Income prior to 1996	Income in 1996	Cumulative income	Expenditure prior to 1996	Expenditure in 1996	Cumulative expenditure	Transfers and refunds	Total unexpended resources
Trust funds with cumulative income > $10m (a)	21	725,822,478	245,101,512	970,923,990	465,088,234	176,777,591	641,865,825	-16,130,662	312,927,503
Trust funds with cumulative income > $5m but < than $10m	17	80,420,262	39,782,363	120,202,625	67,726,058	13,551,036	81,277,094	-607,634	38,317,897
Trust funds with cumulative income > $1m but < than $5m	40	71,363,898	19,084,651	90,448,549	43,654,435	13,453,400	57,107,835	-2,685,899	30,654,815
Trust funds with cumulative income < $1m	45	14,323,234	3,688,148	18,011,382	8,105,427	4,095,851	12,201,278	-654,325	5,155,779
	123	891,929,872	307,656,674	1,199,586,546	584,574,154	207,877,878	792,452,032	-20,078,520	387,055,994
Trust funds in deficit	8	28,476,688	4,175,300	32,651,988	25,660,355	7,709,683	33,370,038		(718,050)
Trust funds established in 1996 and prior years, not yet in operation	12			-			-	-	-
a) Total top 10									
Trust Fund for the Global Environment Facility		198,992,107	63,643,644	262,635,751	153,773,787	58,342,138	212,115,925	-	50,519,826
Multilateral Fund for the Implementation of the Montreal Protocol		117,932,411	39,597,161	157,529,572	45,763,070	29,999,342	75,762,412	-	81,767,160
UNDP Fund for the Programme of Assistance to the Palestinian People		86,653,949	45,186,993	131,840,942	55,946,283	45,669,322	101,615,605	-	30,225,337
"Capacity 21" Trust Fund		49,389,838	13,522,081	62,911,919	9,153,154	8,406,638	17,559,792	-	45,352,127
UNDP Trust Fund for the Developing Countries Afflicted by Famine and Malnutrition		48,590,293	62,517	48,652,810	47,298,574	518,626	47,817,200	-	835,610
UNDP Trust Fund for Rwanda		20,704,699	20,897,609	41,602,308	3,829,638	13,668,944	17,498,582	-	24,103,726
UNDP Trust Fund for the Reintegration of Demobilized Military Personnel in Mozambique		37,925,828	299,769	38,225,597	28,689,705	5,042,943	33,732,648	-	4,492,949
UNDP Trust Fund for Sustainable Social Development, Peace and Support to Countries in Special Situations		0	29,045,247	29,045,247	0	351,284	351,284	-	28,693,963
UNDP Trust Fund for Capacity Building in De-mining Operations for Cambodia		15,027,144	10,992,696	26,019,840	13,909,645	9,020,614	22,930,259	-	3,089,581
UNDP/Norway Trust Fund for Assistance to the Electoral Process in Mozambique		24,361,290	218,012	24,579,302	23,991,979	70,309	24,062,288	-	517,014
Total top 10		599,577,559	223,465,729	823,043,288	382,355,835	171,090,160	553,445,995	-	269,597,293